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SUBJECT: DAMMING THE MEKONG: HYDROPOWER'S HIGH PRICE

¶1. (SBU) Summary. Existing and planned hydropower projects along the world's eighth largest river reflect the development dilemma of cheaper, low-polluting power vs. healthy fisheries and the interests of downstream communities. Villagers along eastern Mekong tributaries in Cambodia complained to Regional Environmental Officer and Econoff of unpredictable and destructive floods, fish catch declines, and health problems following the construction of dams upstream in Vietnam. Cambodian government officials--who are planning their own hydropower projects--were largely uninformed and unconcerned about these consequences. However, given the tremendous economic, environmental, social, and food security implications of hydropower on the world's most productive freshwater fishery, this issue deserves greater attention from Mekong region governments and donors alike. End Summary.

¶2. (U) The recent construction of dams in Vietnam and Laos on three Mekong tributaries--the Sekong, Srepok, and Sesan, known collectively as the "3S" rivers--as well as on the Mekong River itself has negatively affected villages in Cambodia's sparsely populated and poverty-stricken northeast. Concrete, reliable information about how many dams are in operation, how many are under construction, how many are in the planning stage, and the locations of all of these is hard to obtain. Various sources report a total of five completed dams along the Vietnamese portion of the Sesan River, "several" dams under construction along the Vietnamese portion of the Srepok river, and five dams planned or being studied along the Laotian portion of the Sekong River. Regional Environmental Officer and Econoff recently traveled to Stung Treng and Ratanakiri provinces in northeastern Cambodia to investigate the impact of the dams on downstream Cambodian communities. Septel will report on forestry and land challenges in the area.

Communities Flooded, But Officials Dismiss Claims

¶3. (U) In recent years, changes in river flow have had a variety of economic, health, and social impacts on affected communities, according to residents interviewed during on-site meetings with three different villages in Stung Treng and Ratanakiri provinces and in discussions with village representatives attending a "3S River Celebration" in Ratanakiri. Communities reported that fish catch has decreased over recent years, the result of both illegal fishing practices (e.g. the use of electric shock, explosives, or illegal nets) and the environmental impact of upstream dams. Several

communities reported more floods than normal and sudden floods at unusual times--such as during the dry season. Coming without warning, these floods have a disastrous affect on already poor communities--ruining crops, drowning farm animals, and leading to the loss of boats and other equipment. Villagers also reported greater erosion along river banks, and, when rainy season floods don't materialize as expected, the loss of fertile sediment normally deposited on fields. Some villagers reported a decline in water quality, which they blamed for outbreaks of diarrhea and skin diseases.

14. (U) Provincial government officials were generally dismissive of villagers' claims and ill-informed about dams in neighboring countries or plans for dams in Cambodia. The Ratanakiri Chief of Cabinet dismissed villagers' claims that they had experienced flooding in May, explaining that floods simply weren't possible in the dry season. He cautioned, "Don't believe everything they [the villagers] tell you; they are illiterate and don't understand science." (Comment: Evaluating the villagers' claims is genuinely difficult. Without data about dam releases, rainfall, and river water levels at various locations, it is hard to verify villagers' statements and to determine if these reported problems are due to poor dam management, well-planned releases or natural flood events. Nonetheless, we found the officials' ready dismissal of the villagers' claims to be worrisome. Cultural differences also seemed to be at play, as affected communities were often members of indigenous, non-Khmer-speaking ethnic groups, while provincial officials are almost exclusively ethnic Khmer and often from other parts of the country. End Comment.)

Attempts at Flood Warning Fall Short

15. (SBU) When the Yali Hydropower Plant in Vietnam's Central Highlands first came into operation in the late 1990's, Vietnam

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failed to give advanced warning of water releases from the dam, resulting in loss of life and property along Cambodia's Sesan River.

Cambodian officials told us that the Vietnamese government now provides adequate notice, but an extremely inefficient communication system within Cambodia meant that such warnings often reached affected communities too late. Yun Chetana, the Director of the Ratanakiri Provincial Water Resources Department, explained that notifications of an impending release are sent from Vietnam to Phnom Penh by fax, the faxes are retransmitted to the provincial post office, but he is often not told that they have arrived until several days later. Upon receiving the information, he sends letters via motorcycle taxi to district offices, which are responsible for passing the information to commune councilors, who must inform the villages they represent.

16. (SBU) Although communication could break down at any point in the chain, Chetana said the main problem was getting the incoming notifications to his office. He said that authorities in Vietnam could send him a fax or an e-mail directly, but that his office lacked both a fax machine and Internet access. He also noted that an inexpensive cell phone or radio network would speed up his outgoing notifications. His own Department had no budget for this equipment, he explained, and he asked whether the USG could assist with "a few hundred dollars" for the purchase of a fax machine.

17. (SBU) Villagers reported that they often received no warning at all of coming floods, or that the warnings arrived too late. In one tragicomic case, villagers experienced a destructive and unexpected flood in the dry season, only to receive word about a week later of another major water release scheduled for the 6th of the month. The villagers put considerable effort into moving all their remaining animals, boats, etc. to higher land in anticipation of the flood, which never came. Only then did they realize that the warning pertained to the first flood--but had arrived nine days after the flood occurred.

Attempts to Coordinate with Other Countries Falter...

¶8. (SBU) Few of the Cambodian government officials we met seemed particularly concerned about the dams, and none saw themselves as being in a position to have any influence on the operation of existing dams or the construction of new ones. River guards just south of the remote Khone Falls at the Lao-Cambodia border told us they had informed the Director of the Stung Treng Fisheries Administration about the construction of a new dam on a channel of the Mekong in southern Laos and that they had been hearing explosions coming from the river just north of their station. (Note: The location would suggest that this is the Don Sahong dam, though Lao officials report that no action has yet been taken on this dam. End Note.) When we asked the Director, however, he stated that he had not investigated their reports and said that discussions with other countries were not part of his job. Similarly, the Governor of Stung Treng province said he had not heard anything at all about the proposed construction of a dam at Don Sahong. He reported that he had no input into discussions about the construction of dams in Laos or Vietnam nor was he aware of any investigation into their downstream effects on Cambodia.

¶9. (SBU) Staff from the Cambodia National Mekong Committee (CNMC) in Phnom Penh and the Director of the Water Resources Department in Ratanakiri province were more engaged and well informed than other officials we met, although one CNMC staffer reported that he obtained his information from the newspaper rather than from his government colleagues. Even these interested officers reported difficulties in coordinating with Vietnam. Officials from both agencies told us that although the two governments schedule regular meetings to discuss issues related to the dams, a lack of funding for them to travel to Vietnam frequently caused those meetings to be cancelled. As a result, consultations take place most often in Cambodia, and far less frequently than they should.

¶10. (SBU) Environmental Impact Assessments (EIAs), which include assessments of impacts on local and downstream communities, are supposed to be completed before dam construction begins, but experience suggests this rarely occurs. NGOs claim that without their pressure, some EIAs would not have been performed at all. Moreover, EIAs are paid for by the developers building the dams--raising serious questions about the independence and integrity

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of the assessments. CNMC members told us that they had just received a lengthy Vietnamese-language EIA to be discussed at a meeting to be held in less than a month. They complained that it was unrealistic to expect them to have the document translated from Vietnamese to Khmer and find time to read it in that time. They planned to translate and read only the Executive Summary.

¶11. (U) The Mekong River Commission (MRC--an international organization composed of representatives from Thailand, Laos, Cambodia, and Vietnam) has a Flood Management and Mitigation Program (FMMP), which includes a component for mediation of trans-boundary flood issues. The MRC receives donor funding to implement various technical and scientific studies, as well as some practical and community-based projects. A 2005-2009 USAID/RDMA project aims to strengthen the MRC's capacity and skills to prevent, address and mitigate conflicts in the Mekong River Basin. Initial activities involve raising awareness on conflict issues, developing common terminology and identifying conflict hotspots. The 3S rivers, the Mekong delta, and fisheries management in general have all been identified as hotspots.

¶12. (U) The MRC Secretariat holds semi-regular (about twice per year) Steering Committee meetings for the FMMP, which bring together MRC staff, representatives from the national Mekong committees, donors, and some observing NGOs. Additionally, the MRC Secretariat hosts an annual Flood Forum, which brings together national Mekong committees, donors, NGOs, Red Cross societies, line ministry officials, and others for discussion on a number of flood-related topics. The MRC is also co-sponsoring an October 17-19 conference in Bangkok on Flood Risk Reduction in the Mekong Basin.

¶13. (SBU) And yet, as evidenced by what we saw in northeastern Cambodia, all these MRC activities appear to have little effect on the ground. One of the MRC's weaknesses is that it has no mandate

to help countries and step into conflicts unless specifically called upon to do so by member countries. It may be that the relevant Cambodian officials are not doing enough to raise these issues at the MRC, or that the MRC is simply not the right forum for such issues.

Cambodia Has Hydropower Dreams of Its Own

¶14. (SBU) In addition to being affected by dams near its borders, Cambodia is developing its own plans for hydropower. Tun Lean, Director General of the Department of Energy at the Ministry of Industry, Mines, and Energy (MIME), explained that because Cambodia's electricity prices are among the world's highest (30 to 50 cents per kWh in rural areas), hydropower is an attractive, eco-friendly investment. The Ministry estimates that the country could produce a total of 10,000 MW of electricity through hydropower. One-third of this total would come from just one dam spanning the Mekong at Sambor. This proposed dam across the main river channel would be the only such dam from the Chinese-Lao border to the Mekong delta.

¶15. (SBU) Environmentalists are alarmed by plans for hydropower in Cambodia. While Tun Lean was quick to say that no projects had been approved yet, NGO contacts say they would be surprised if any proposed projects were not implemented eventually. Brian Lund of Oxfam USA notes that the potential revenue from hydropower is enormous--perhaps even bigger than from oil--but that this aspect of the issue has received little public attention.

¶16. (U) Environmentalists are particularly worried by the prospect of a dam at Sambor, saying it would virtually guarantee the extinction of the endangered Mekong Irrawaddy dolphin, threaten scores of other species, reduce fish catches, and potentially affect the crucial reversal of the Tonle Sap River. The heavy volume of water in the Mekong River from July to September causes the intersecting Tonle Sap River to reverse its flow for several months each year. Cambodia depends on this unique phenomenon to replenish the fisheries of the Tonle Sap Lake, which supplies 90 percent of the protein in the diet of the Cambodian population. If the water volume of the Mekong should one day become insufficient to cause the flow of the Tonle Sap to reverse direction, the result could have a catastrophic impact on Cambodia's food resources.

¶17. (SBU) NGO contacts also are worried that the Chinese are taking

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control of hydropower development in Cambodia. They note that as Chinese mining and hydropower interests have grown in Cambodia, the Chinese have gained extraordinary influence over MIME decisions. And they are not impressed with China's record on alleviating the environmental and social impacts of dam construction. Just who the developers are and where the financing comes from is far from transparent. MIME provided us a list of 13 proposed dams. Out of the ten dams where the names and nationalities of the developers were included, six were Chinese, including the proposed dam at Sambor.

Energy or Food Security: A Development Dilemma

¶18. (U) Hydropower and its downstream effects pit two great Mekong basin development challenges against each other: providing cheaper, low-polluting electricity; and protecting the environment, both for its own sake and because downstream populations rely on clean river water and healthy fisheries for their survival.

¶19. (U) The need for electricity is particularly stark in Cambodia, which has an incredibly low electrification rate: 15 percent, less than half the rate in neighboring Laos. On a per capita basis, Cambodians consume half as much electricity as Laotians consume and only one-tenth of what the Vietnamese consume. Cambodia's power generation is almost entirely based on the burning of polluting diesel and fuel oil, and rising oil prices mean that Cambodia's electric rates--already among the world's highest--continue to rise. Would-be foreign investors are frequently put off by the country's

electrical limitations. Meanwhile, existing dams in Thailand, Laos and Vietnam provide electricity to industries and homes in those countries, while already-marginalized Cambodians deal with the dams' effects but fail to reap the electrification benefits.

¶20. (U) At the same time, the Mekong River is a critical resource for human and animal populations across the region. The river contains 1,200 species of fish, making it the world's third most biologically diverse river, behind the Amazon and Congo. The wild fish catch in the Lower Mekong Basin is the most productive in the world, reaching an estimated 2.6 million tons a year with a value of USD 2 billion per year. However, because most of this fish is consumed by subsistence fishermen or sold in local village markets, Cambodian government officials pay little attention--they are more concQed with tourism, garments, and other visible parts of the formal economy.

¶21. (U) Comment: Informed decisions by Cambodian government officials about hydropower development should take into account energy needs, environmental and social concerns, and food security. However, lack of knowledge, apathy, unclear responsibilities across ministries and levels of government, and the profitability hydropower projects promise--not only to the Cambodian treasury, but to individual pockets as well--all work against considered and informed decisions. The construction of dams and the development of hydropower are necessary to meet Cambodia's electricity needs, but planning is not being done in a transparent manner and public and private stakeholders are not being consulted. Furthermore, we are concerned that environmental aspects are not being considered, that impacts on fisheries resources are being ignored, and that release of water from poorly managed facilities without effective flood warning systems will cause more flooding, rather than alleviate it.

¶22. (U) Comment continued: The USG should engage Cambodia and other governments in the region constructively on hydropower development to ensure that the dams that will inevitably be constructed will be constructed and managed properly. Embassy Phnom Penh and State's Regional Environmental Office in Bangkok suggest that, as a first step, the OES Bureau take the lead in organizing inter-agency discussions in Washington on regional hydropower development in Southeast Asia to develop USG policy and determine how best to engage individual governments on the issue. The discussions could include USAID and State's EEB and EAP Bureaus, as well as scientific experts from NOAA's Fisheries Service, Department of Interior's Bureau of Reclamation and U.S. Geological Survey, the Department of Energy's Hydropower Program, EPA, and the U.S. Army Corps of Engineers. At the same time State's Regional Environmental Office in Bangkok will coordinate with Embassies Bangkok, Rangoon, Vientiane, and Hanoi to develop more information and reporting on

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hydropower development in the region.

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